

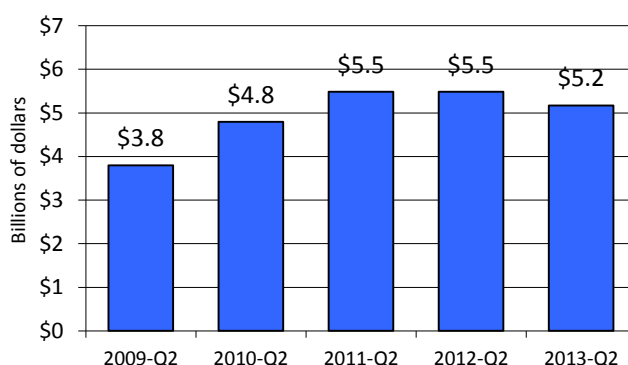
Second Quarter State Exports at \$5.2 Billion

Minnesota exports, including agricultural, mining and manufactured products, fell 5.7 percent (or about \$313 million) between the second quarters of 2012 and 2013 to \$5.2 billion. Nationally, exports grew a slight 1.6 percent.

Among all states, Minnesota was ranked 20th largest in exports. About half the states experienced export declines between the second quarters of 2012 and 2013.

Minnesota manufactured exports were stable (up \$20 million) at \$4.9 billion in the second quarter of 2013, while U.S. manufactured exports increased 2.5 percent.

*Minnesota's Second Quarter Exports**

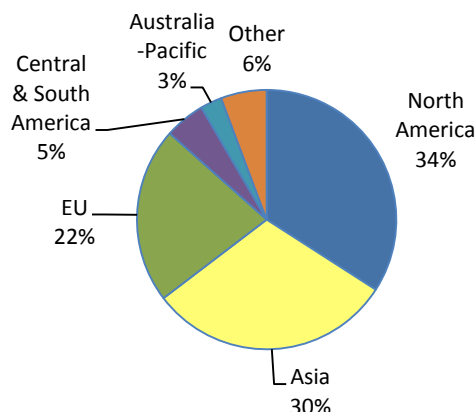


*Includes manufacturing and non-manufacturing industries, such as agriculture and mining, but not services.

Strong Performance in Europe Mitigates Steep Losses in Asia and North America

- Minnesota exports to **Europe** leaped 12 percent to \$1.3 billion, softening the state's overall export decline. **Switzerland** accounted for half of sales to **European markets outside the EU** (up 25 percent to \$134 million); exports to this market, particularly of **computer and related parts**, increased 97 percent to \$66 million. Exports to the **EU** were up 10 percent to \$1.1 billion, led by gains in the **Netherlands, U.K. and Germany**.
- Exports to the state's two major regions declined 12 percent each between the second quarters of 2012 and 2013. Minnesota's exports **North America** fell to \$1.8 billion (largely due to the 15 percent drop in sales to **Canada**) while those to **Asia** were down to \$1.6 billion (led by sharp losses in **China, South Korea and Japan**).
- Smaller markets presented opportunities for growth, with state exports to **Africa** increasing 24 percent to \$60 million and sales to **Central and South America** increasing 3 percent to \$260 million.

*Minnesota Exports, by Region,
Second Quarter, 2013: \$5.2 billion*



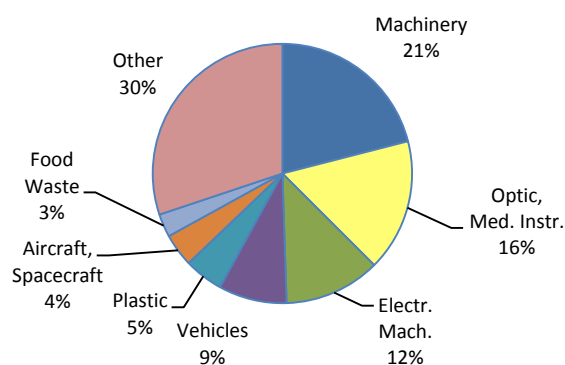
*Growth in Exports, by Country,
Between Second Quarters of 2012 and 2013*

Country	Exports (millions)	2nd Qtr 2012 to 2nd Qtr 2013		Year-to-Date, MN Pct. Change
		MN	US	
Canada	\$1,427	-15%	3%	-9%
China	\$592	-21%	3%	-13%
Mexico	\$336	3%	8%	-1%
Japan	\$262	-7%	-6%	-18%
Germany	\$205	6%	-7%	3%
Netherlands	\$185	65%	-1%	53%
Belgium	\$180	0%	14%	3%
South Korea	\$137	-29%	-8%	-23%
Philippines	\$136	15%	-3%	10%
U.K.	\$131	14%	-12%	-1%
Other	\$1,581	2%	2%	2%
Total	\$5,172	-6%	2%	-4%

Sustained Export Growth in Aircraft Parts and Medical Products

- Although overall growth was down, exports among the top 10 products (which accounted for 75 percent of the state's total exports of goods) increased a combined 3 percent between the second quarters of 2012 and 2013. In particular, **aircraft/spacecraft**, **optics/medical goods** and **beverages** led in export gains.
- Exports of **aircraft/spacecraft** continued to grow strongly, contributing the largest gains in value among all products. Exports of these goods were up 66 percent (or up \$85 million) to \$213 million in the second quarter of 2013. These exports mainly consisted of **civilian aircraft parts**. The **Netherlands** continued to be the main contributor to growth (\$91 million, up \$89 million).
- Optics/Medical** exports grew 5 percent to \$852 million. Minnesota exports of these goods have become more diversified across countries, with the top five markets accounting for about half of the state's sales. **Belgium** (up 16 percent to \$96 million), **Australia** (up 56 percent to \$27 million) and **Taiwan** (up 33 percent to \$38 million) contributed much of the gains. The strongest performing product areas were **medical/surgical instruments** (up 36 percent, or \$81 million, to \$305 million).
- International sales of **beverages/spirits** increased 87 percent to \$87 million, mainly due to **Canada**, which accounted for 99 percent of these exports. The primary growth product was **denatured ethyl alcohol**.
- Food waste** exports (including residues from food manufacturing processes) jumped 18 percent to \$149 million, with three of the top four markets (**China**, **Mexico** and the **Philippines**) contributing the largest gains.
- Demand for **ores/slag/ash** (down 91 percent to \$23 million) and **mineral fuels/oils** (down 86 percent to \$31 million) plummeted due to export trends to **Canada** during this period.
- Machinery** exports dropped by \$40 million due to decreased sales in major markets such as **South Korea**, **Australia**, **Italy** and **Japan**. The most adversely affected product segments included **computers and computer parts**, **machinery for producing semiconductors**, and **harvesting/cleaning machinery**.
- Demand for **vehicles** decreased in many countries, including to **Canada**, **Mexico** and **Belgium**, the top three markets, and particularly for **passenger vehicles**, **parts** and **public transport vehicles**.

**Minnesota Exports by 2-Digit HS Group*,
Second Quarter, 2013: \$5.2 billion**



*Includes manufacturing and non-manufactured industries, such as agriculture and mining, but not services. Chart shows products with more than \$100 million in exports.

**Growth in Exports, by 2-Digit HS Group*,
Between Second Quarters of 2012 and 2013**

Harmonized System 2-Digit Product Group	Exports (\$ Millions)	2 nd Qtr 2012 to 2 nd Qtr 2013	
		MN	US
84 Machinery	\$1,086	-4%	-1%
90 Optic, Medical Instr.	\$852	5%	1%
85 Electrical Machinery	\$621	2%	1%
87 Vehicles	\$440	-9%	1%
39 Plastic	\$252	-12%	2%
88 Aircraft, Spacecraft	\$213	66%	21%
23 Food Waste	\$149	18%	20%
22 Beverages	\$87	87%	-7%
73 Iron, Steel	\$86	20%	6%
02 Meat	\$75	-3%	2%
Other	\$1,310	-24%	0%
Total	\$5,172	-6%	2%

Note: Column may not sum to total due to rounding.

Minnesota Quarterly Export Statistics is the most current resource available for tracking the state's manufactured export trends and is prepared for the Minnesota Trade Office (MTO) by the Department of Employment and Economic Development's (DEED) Analysis and Evaluation Office (Thu-Mai Ho-Kim, 651-259-7180). Starting with the first quarter 2011, the quarterly and annual statistics reports primarily cover export data based on the Harmonized Tariff System (Schedule B), collected by the U.S. Department of Commerce (USDOC) and distributed by the Global Trade Information Services, rather than data based on the North American Industry Classification System industries (NAICS), collected by the USDOC and distributed by the World Institute of Social and Economic Research. Thus, reports covering 2011 and later data may not be comparable to previously published reports. All reports are available on the DEED website on the [Export Statistics](http://www.PositivelyMinnesota.com/Data_Publications/Data/Export_Statistics/index.aspx) page (www.PositivelyMinnesota.com/Data_Publications/Data/Export_Statistics/index.aspx).